

WORSLEY INVESTORS LIMITED (the “Company”)

TERMS OF REFERENCE – AUDIT COMMITTEE

1. Establishment and Purpose

- 1.1. The Audit Committee (the “Committee”) was constituted by resolution of the board of directors of the Company (the “Board” or the “Directors”) on 16 October 2019.
- 1.2. The function of the Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and corporate governance and maintains an effective relationship with the Company’s external auditors.
- 1.3. The Committee reviews the financial reporting process, the integrity of the Company’s financial statements, the external and internal audit process, the system of internal control and the identification and management of risks, and the Company’s process for monitoring compliance with laws, regulations and ethical codes of practice.

2. Membership and Quorum

- 2.1. Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least two members. Membership shall include at least one member of the risk committee.
- 2.2. All members of the Committee shall be independent non-executive directors.
- 2.3. Unless otherwise determined by the Board, a director shall be deemed to be “independent” for the purposes of these terms of reference if he would be deemed to be “independent” under the AIC Code of Corporate Governance (the “AIC Code”).
- 2.4. At least one member of the Committee must have recent and relevant financial experience, to the satisfaction of the Board.
- 2.5. Only the Chairman of the Committee and its members have the right to attend Committee meetings. However, other individuals such as representatives of the Company’s Investment Advisor or external auditors from time to time may be invited to attend all or part of any meeting as and when appropriate.
- 2.6. The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 2.7. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.8. The Chairman of the Company may be a member of, but not chair, the Committee in addition to the independent non-executive directors, provided he or she was considered independent on appointment as Chairman.
- 2.9. The quorum necessary for the transaction of business shall be two members provided that a quorum shall not be present if a majority of members are United Kingdom resident.
- 2.10. The current members of the Committee are Robert Burke and William Scott. Robert Burke acts as Chairman of the Committee.

3. Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meetings

The Members may convene the Committee, meet together for the dispatch of business and otherwise regulate their meetings as they think fit.

6. Frequency of Meetings

6.1. The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and also at such other times as the Chairman of the Committee, the external auditors or any Committee member may require. Outside of the formal meeting programme, the Committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the board chairman and the external audit lead partner.

6.2. The Company's external auditors shall be advised of the timing of Committee Meetings as appropriate.

7. Notice of Meetings

7.1. Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.

7.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee, any other person invited to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. Minutes of Meetings

8.1. The secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

8.2. The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

8.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

9. Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

10. Duties

Other than where the Board has considered such items itself, the Committee shall carry out the duties set out below.

10.1. Financial Reporting

10.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, and any significant financial returns to regulators.

- 10.1.2. The Committee shall, where requested by the Board, provide advice on whether or not the Company's Annual Report (and by extension similar price-sensitive reports to regulators), taken as a whole, is fair, balanced and comprehensible and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- 10.1.3. The Committee shall review the half yearly and annual financial statements and interim and preliminary announcements before their submission to the Board for approval, focusing in particular upon and challenging where necessary:
- (a) the appropriateness of adopting the going concern assumption and identifying any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the annual and half yearly financial statements;
 - (b) the viability statement to be included in the annual report concerning how the Directors have assessed the prospects of the Company, the time period over which the assessment has been made and, if satisfied, any resulting statement concerning the expectation that the Company will be able to continue in operation and meet its liabilities as they fall due during the assessment period, and agreeing any qualifications or assumptions related thereto;
 - (c) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company/Group;
 - (d) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (e) whether or not the Company has followed appropriate accounting standards which are in accordance with the law and made appropriate estimates and judgements, taking into account the views of the external auditor and report to the Board accordingly;
 - (f) the clarity of disclosure in the Company's financial reports and the context in which statements are made;
 - (g) all material information presented with the financial statements, such as the strategic report and the corporate governance statement (insofar as it relates to the audit and risk management);
 - (h) significant adjustments resulting from the audit;
 - (i) compliance with accepted accounting standards; and
 - (j) compliance with relevant regulatory and legal requirements (including as necessary the requirements of the UK Listing Authority and the London Stock Exchange).
- 10.1.4. The Committee shall review the basis upon which the net asset value of an ordinary share is published quarterly.
- 10.1.5. The Committee shall review the suitability of the accounting standards adopted by the Company.
- 10.1.6. The Committee shall review arrangements by which service providers of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

10.2. Risk Management, Internal Audit and Compliance

The Committee shall:

- 10.2.1. in conjunction with the Risk Committee, review the statements to be included in the Annual Report concerning internal controls and risk management prior to approval by the Board;
- 10.2.2. review significant transactions outside the Company's normal business (e.g. Company share buy backs);
- 10.2.3. consider annually whether or not there is a need for an internal audit function and make a recommendation thereon to the Board, the reasons for any absence of such a function being explained in the relevant section of the annual report;
- 10.2.4. review the Company's procedures for ensuring compliance with statutory, regulatory and other financial reporting requirements i.e. the Guernsey Financial Services Commission, the London Stock Exchange and the UK Financial Conduct Authority; and
- 10.2.5. ensure that a framework for strong corporate governance is in place, which is believed to be suitable for an investment company and which enables the Company to comply with the main requirements of the UK Corporate Governance Code or the AIC Code as considered appropriate.

10.3. External Audit

The Committee shall:

- 10.3.1. consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, remuneration, re- appointment and removal of the Company's external auditors. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether or not any action is required;
- 10.3.2. oversee the relationship with the external auditor including (but not limited to):
 - (a) approval of their remuneration and whether or not the level of fees for audit or non-audit services is appropriate to enable an adequate audit to be conducted;
 - (b) approval of their terms of engagement including any engagement letter issued at the start of each audit and the scope of the audit;
 - (c) ensuring that any non-audit services provided by the external auditors are in compliance with the Company's Non-Audit Services Policy;
 - (d) assessing annually their independence and objectivity taking into account relevant UK and Guernsey professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;
 - (e) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);
 - (f) monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
 - (g) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.

- 10.3.3. meet the external auditor at least once a year, without the Investment Advisor being present, to discuss their remit and any issues arising from the audit;
- 10.3.4. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 10.3.5. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (a) a discussion of any major issues which arose during the audit;
 - (b) a discussion of any problems or reservations arising from the audit (whether interim (if applicable) or final);
 - (c) any accounting and audit judgements;
 - (d) levels of errors identified during the audit; and
 - (e) any other matters which the external auditors wish to discuss.
- 10.3.6. monitor and review the effectiveness of the audit and the performance of the external auditors;
- 10.3.7. review any representation letter(s) requested by the external auditor before they are signed by any director, the Company Secretary or the Investment Advisor;
- 10.3.8. review the Investment Advisor's response to the external auditor's findings and recommendations; and
- 10.3.9. develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

10.4. Reporting Responsibilities

- 10.4.1. The Chairman of the Committee shall make a brief report on the findings and recommendations of the Committee to the Board after each Committee meeting.
- 10.4.2. The minutes of the Committee meetings shall be circulated to the Board.
- 10.4.3. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.5. Whistleblowing

The Committee shall:

- 10.5.1. ensure that procedures are established for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal control and auditing matters; and
- 10.5.2. establish procedures for the confidential and anonymous submission of concerns from employees of the Company's major service providers regarding accounting or auditing matters and to ensure appropriate follow up action is taken.

10.6. Other Matters

The Committee shall:

- 10.6.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 10.6.2. give due consideration to laws and regulations, the provisions of the AIC Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- 10.6.3. oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- 10.6.4. at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 10.6.5. have the authority to investigate any matter within its terms of reference (and shall have the resources which it needs to do so) and to seek any information it requires from any associate of the Company. The Committee is authorised to take such independent professional advice (including legal advice) and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary; and
- 10.6.6. consider other matters as specified by the Board.

The Committee shall not have any executive powers with regard to its findings and recommendations.

Adopted by the Committee and the Board on 23 January 2020

Last reviewed and updated by the Committee and the Board on 28 June 2023